

The 2002 Linkage Excellence in Management & Leadership Series

Leadership and Management

Featuring Jack Welch



"Change before you have to."

Jack Welch

Dear Participant:

Welcome to the first program in the 2002 Linkage Excellence in Management & Leadership Series. The seminar series is designed to bring four inspiring and influential business thinkers to your organization in a live and interactive format.

Today's program, Leadership and Management featuring Jack Welch, is different from any other in the in Management & Leadership series: it will be 100% interactive Q&A between you and Mr. Welch. The revered business leader will offer insights into several aspects of leading an organization through transitional change. He will not follow a script nor base his thoughts from any one publication during your discussion. Instead, Mr. Welch is genuinely interested in hearing and addressing your questions and ideas.

As the CEO of General Electric for over 20 years, Jack Welch established himself as one of the most admired business leaders in the world. He championed initiatives such as globalization, Six Sigma quality assurance, and e-business ventures in ways that have helped to define the modern corporation.

These Participant Materials have been designed to complement your conversation with Mr. Welch. The goal of today's session is not for Mr. Welch to present his findings but to elaborate on topics you have questions on.

About Linkage

Linkage, Inc. is a leading provider of leadership and management development training programs, services, and products. More than 30,000 executives and management professionals have attended a Linkage institute, conference, workshop, or corporate education program. Linkage also provides assessment, consulting, and research services to Fortune 500 companies and other leading organizations. Founded in 1988, Linkage is headquartered in Lexington, Massachusetts, with regional offices located in Atlanta, Brussels, London, Minneapolis, and San Francisco. In both 1997 and 1998, Linkage was honored as one of the "Inc. 500 Fastest Growing Private Companies in the United States."

Table of contents

Section 1: Satellite Program Materials	3
What you will learn	4
Introduction	4
Basic Premises	4
Question and Answer session	5
When the session has concluded	5
Pre-presentation activities	5
During this program	10
Post-presentation activities	10
 Section 2: Forms	 22
Question sheet	23

SECTION 1

Satellite Program Materials

What You Will Learn

Participating in this session with Jack Welch will be your opportunity to clarify the values, beliefs, and organizational processes he incorporated in his years at General Electric. There are no pre-set goals to define the experience. The value of this conversation will be brought forth by the questions you pose to Mr. Welch.

Introduction

It has been said that if you like business or if you like ideas, you have to like GE. In his years of leadership, Jack Welch fostered a culture where ideas could flow freely between 29 separate businesses and over 300,000 employees. In the 1990's, Mr. Welch led GE in four major initiatives: globalization, services, Six Sigma (quality), and e-business. Many of the change ideas came from various areas in the company, but Mr. Welch ensured leadership was visibly championed from the top management in all areas of the company. And while each initiative had to develop people and improve the bottom line for GE, individual rewards were also provided for people who made them work.

Basic Premises

In his work at GE, Jack Welch enjoyed running operations like a family business while having access to the resources of a big company. Early on, he realized that his own success would depend on the people around him. Therefore, recognizing and rewarding excellence (hiring and promoting) was extremely important. In return, the collaboration of leadership talents would enable Jack to continually enable visions to become realities of business success.

Question and Answer session

- You can call, fax, or e-mail your questions for Jack Welch during the program using the question sheet on page 23.
- Share your questions with the seminar coordinator at your site and your colleagues.
- Calls received during the session will be fielded to ensure their content and timing is appropriate for the conversation flow.

When the session has concluded...

- To complete the participant evaluation form on please go to:
<http://www.linkageinc.com/surveys/research/eval0202.htm>
- Your feedback is valuable in ensuring the integrity of this and future programs. We take pride in providing relevant, thought provoking, and enlightening programs. But, we rely on you to make it happen!
- To further reinforce your understanding of today's content, as well as hone other aspects of your leadership skills, complete the suggested Post-Presentation activities starting on page 10.

Pre-presentation activities

- **Become familiar with Jack Welch's accomplishments by reading the brief biography that follows.**

Mr. Welch, a native of Salem, Massachusetts, received his BS degree in chemical engineering from the University of Massachusetts in 1957 and his MS and Ph.D. degrees in chemical engineering from the University of Illinois.

Mr. Welch joined General Electric in 1960, but after only a year, he wanted to leave the company and take a job offer he had received from International Minerals & Chemicals. Mr. Welch was unhappy working as a junior engineer in Pittsfield, MA. He was not comfortable with the strict bureaucracy GE imposed.

Although he felt under-appreciated by his boss, Mr. Welch made quite an impression on Rueben Gutoff, a young executive who was one level higher than Mr. Welch was. Gutoff knew that Mr. Welch would be an important asset to the company, so he convinced him to stay by promising a different kind of bureaucracy, one with the dominating attitude of "small-company environment, with big-company resources." In turn, Mr. Welch (and GE) have Gutoff to thank for what became of the company.

Mr. Welch's steadfast rise to the top of the GE ranks is partially accredited to his

aggressive marketing of the company's products and services. He was named vice-president in 1972, senior vice-president in 1977, vice-chairman in 1979, and became GE's eighth and youngest Chairman and CEO in 1981.

During his 20-year tenure as CEO of GE, Mr. Welch was credited with changing the corporation around. He also increased the company's market value from \$12 billion in 1981 to approximately \$280 billion in 2001.

Jack Welch's success as CEO was in large part due to his tremendous leadership skills. Mr. Welch knew how to effectively communicate key ideas to the rest of the staff, not only by delivering messages, but persistently repeating them and ultimately driving the messages home.

Mr. Welch's corporate culture was like no other. What he hated about the organization in his early days as a chemical engineer is exactly what he transformed as CEO: the red tape and bureaucracy of the company. He created an informal learning environment which he liked to refer to as a "grocery store." This informal approach allowed Mr. Welch to get to know his employees, interact with them, and get involved in all aspects of the business.

Jack Welch also prided himself on his personal touches, such as the handwritten memos sent to employees. But while he was known as personable and persistent, he was also renowned for being a demanding leader.

Whatever his tactics, the fact that Jack Welch is one of the most successful business leaders of all-time is indisputable. He swelled the market value of the company to a degree unmatched by any other CEO.

After 40 years with GE -- 20 years of running the place -- Mr. Welch left his position as CEO in 2001 to embark on a whole new journey: retirement. But not before serving as corporate consultant to a group of Fortune 500 companies, all in different industries.

- **Read books authored or edited by Jack Welch.**

Jack: Straight From the Gut (Warner Books, Inc. 2001)

Jack Welch on Leadership: Executive Lessons from the Master CEO (Prima Communications 2001)

The Jack Welch Lexicon of Leadership: Over 250 Terms, Concepts, Strategies, and Initiatives of the Legendary Leader (McGraw-Hill 2001)

- **Activity: Leadership Today**

Step One: Answer the following question in the space provided.

Name someone you have known personally who you would describe as strong, dynamic, inspirational, and charismatic leader.

What did s/he do, and what actions did s/he inspire that caused you to view him/her that way?

Is there such a leader in your organization right now?

Step Two: Share your answers to these questions with a partner or small group.

- **Activity: Leadership Ideals**

In his latest book, *Jack: Straight From the Gut*, Mr. Welch reviews what he believes the "CEO thing is all about."

Step One: Review the following list of ideas that worked well for Jack Welch as a leader.

- **Setting a tone:** The personal intensity of the person at the top sets the tone for all employees' intensity of commitment. Being seen and frequent contact with all companies and their people in GE is always a high priority.
- **Maximizing the organization's intellect:** Encourage everyone to share their ideas and set in motion ways of transferring ideas from one part of the company to another.
- **People first, strategy second:** "Getting the right people in the right jobs is a lot more important than developing a strategy." You can not get or implement the right strategies without leaders who develop them.

- **Self-Confidence:** There is a fine line between arrogance and self-confidence. The true test of self confidence is the courage to be open and welcome new ideas whatever their source.
- **Stretch:** Reach for more than what you thought possible. This does not mean artificial debates over budgets, but rather dreams which demand real effort and energy and which stem from "it must be possible to do better." Putting people of the right kind into jobs that seem just a bit beyond them will stretch them if they have the right support.
- **Aligning rewards with measurements:** The specific behavior require must be measured and rewarded. It is not just "get more sales," but "more margins as well." "By aligning measurements and rewards, you often get what you're not looking for."
- **Celebrations:** When you succeed, celebrate - make everyone feel part of a good team.

Step Two: Talk with a partner or in small groups about these items, and list other ideals of thinking that you feel a good leader should considers and exemplify.

Step Three: With your small group or partner, discuss the overriding tones of your organization's leadership. What ideals do they embody?

Step Four: With your small group or partner, discuss what you feel your organization's leadership should also consider?

- **Activity: Coaching and Mentoring**

To ensure they have the support they need to thrive in their organizations, many successful leaders work with coaches or mentors in formal and informal capacities. Jack Welch himself relied on this method, and even took it upon himself to teach a coaching course at General Electric's training facility on a monthly basis.

Step One: With a partner or small group, discuss how Coaching and Mentoring is currently used in your organization. (Human Resources driven, informally established relationships, shadow networks, etc.)

Step Two: Determine situations where you would (or do) benefit from having a coach or mentor to discuss situations with. Or, discuss how you might be able to help someone junior to you develop his or her leadership skills if you could act as a Mentor or Coach.

Step Three: Discuss how you can better utilize the people or procedures your organization provides you with to enter into a more fruitful Coaching or Mentoring relationship (either as the Mentor or Mentee).

- **Activity: Succession Planning**

"To have a Welch-caliber CEO is impressive. To have a century of Welch-caliber CEOs all grown from inside - well, that is one key reason why GE is a visionary company."

-- J. Collins and J. Porras, *Built to Last*

"From now on, [choosing my successor] is the most important decision I'll make. It occupies a considerable amount of thought almost every day."

-- Jack Welch, on succession planning in 1991 (10 years before his retirement)

While Mr. Welch's track record at GE deserves the utmost respect, GE in itself should also be admired for fostering a culture of top management excellence over the past hundred years.

Step One: If you had to determine a successor to the position an admired leader in your organization holds, what considerations and factors would be important?

Step Two: With a small group or partner, discuss how succession planning is utilized or apparent in your organization.

Step Three: With your small group or partner, discuss the merits of succession planning versus other means of promotion or hiring practices.

Step Four: With your small group or partner, discuss what your organization could do in order to better position itself for continued excellence in leadership.

During this program

What you gain from this experience will rely solely on the questions you and other participants discuss with Mr. Welch. You are encouraged to share your questions with your group and facilitator, and to actively submit them during the call. Mr. Welch has not defined any parameters or guidelines for what will be discussed. The conversation will be guided by your interests and questions.

Post-presentation activities

- **Complete and submit the participant evaluation form found at:**
<http://www.linkageinc.com/surveys/research/eval0202.htm>
- Review your notes from your conversation with Mr. Welch.
- **Application: Setting Employee Expectations**

Like any successful business agreement, relationship, or contract, an effective performance partnership is grounded in clearly communicated expectations for the contributions each party will make, the measures of those contributions, and the rewards each can expect to receive. Yet the formality of explicit communication is often pushed aside at the outset of a performance cycle or reporting relationship. Unless the manager and direct report openly agree what each expects of the other, the certainty of results from the partnership rapidly fades into long and unfavorable odds.

The first step in setting employees' expectations is to clarify the work they are expected to focus on. Most job descriptions attempt to do this but fail for one of three reasons.

- The contents of the job description do not accurately reflect what people in the job currently do.
- The job description is a vague list of tasks and does not clarify actual work deliverables.
- The job or position is changing so rapidly that the job description cannot catch up.

To set employee expectations, therefore, leaders must first have employees participate in defining the required work deliverables. A participative process will help ensure that the end result is an accurate reflection of what employees in the positions actually do. Moreover, the same mutual contribution will encourage manager and employee to specify, clarify, and update as their partnership continues.

The work profile is a simple structure for connecting an employee's daily work to the organization's strategic needs and context. It:

- Establishes the framework for a mutual, participative approach to setting expectations with an employee.
- Clarifies the objectives of the employee's job and align them with the direction of the organization.
- Helps you agree what the employee does, for whom, to what end, and at what expected level of proficiency.

BOX 1: Work Context

There are two components to box 1.

- Individual performance goals for the employee to impact
- Internal and external forces that will impact her work

Step One: Define the performance goals. A well-defined performance goal should clearly point to the results you would like the employee to impact. Her performance goals should also be strategically aligned with the larger goals of the organization. Take the time to help your employee understand the goals of the larger organization and your business unit, in order to then define her individual goals. Start with the big picture, and work your way through to the employee's job. When you have together defined the most critical goals for your employee to accomplish during the specified performance period, list these in the "context" box of the work profile.

Worksheet: The Work Profile

Context:	Customers:
Outputs:	Competencies:

Step Two: Identify internal and external forces impacting the work. To help your employee understand how her work is being affected by omnipresent change, it is important to define the forces causing the changes. These forces typically fall into four categories: increased competition, technology, customer requirements, and organizational structure. In the "context" box of the work profile, list all the major internal and external forces that will affect the employee's work and competency requirements during the next performance period.

BOX 2: Customers

Step Three: Identify the employee's internal and external customers. Who will receive products, services, information, decisions, support, plans, and so forth from your employee during the next performance period? List these people in the "customers" box of the work profile. Try to list only five to seven critical customers for the role. Do not list yourself unless your employee is actually paid to provide value-adding products or services to you.

BOX 3: Outputs

Step Four: Define all the outputs your employee is responsible for producing, providing or delivering. Ask your employee, "What do your customers

receive from you?" Describe the outputs not as verbs but as nouns-as deliverables received. Try to list only the ten to fifteen outputs that are especially important for success in her role. More than fifteen outputs tends to get overwhelming. If you can help the individual limit the number of outputs, it will help her focus on the most critical ones.

Step Five: Quantify the critical outputs for the performance period. Place a star (*) beside any output that (1) is new for this period, (2) must improve in the future because it has been a problem in the past, (3) if improved, would make a big difference for the organization or customers, or (4) is important to the success of the business strategy or to your unit's plans. Work with your employee to agree on the quality requirements for these highlighted outputs, asking, "What qualities must the output have in order for us to say, 'This really meets the needs of your customers?'"

Emphasize the requirements for quality, quantity, cost, and timeliness.

BOX 4. Competencies

Step Six: Select the competencies in which your employee must excel in order to deliver quality outputs. Determine together what it will take if she is to produce the outputs at a superior level. Identify the knowledge, skills, and commitments required to perform those activities which result in the outputs.

Note: Do not just add "ability to" to outputs when listing competencies. Ask the individual to identify the underlying areas of

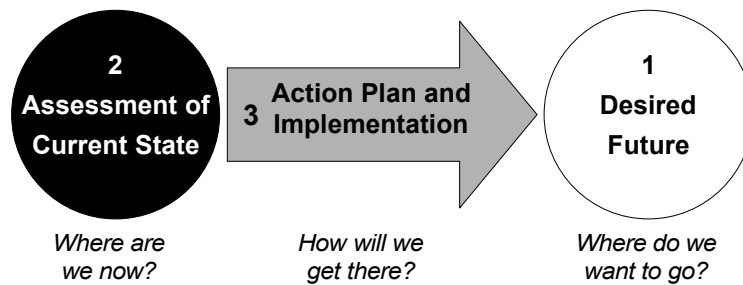
- Business, functional, technical, and general knowledge
- Intellectual, interpersonal, self, and physical skills
- Personal commitments centered around power, action, and relationships

The competencies identified should be those which differentiate superior performance from average performance, and which the individual needs at a more advanced level than does the average person. Try to list only the 12-15 competencies that are especially important for success and quality in the employee's work.

Step Seven: Review and expand on the list of competencies. Place a star (*) next to the competencies which (1) are new for this individual, (2) you feel she needs to develop, and (3) are particularly important to achieve superior results in producing the outputs. Work with your employee to agree on observable, measurable behaviors for these highlighted competencies, asking, "How will you know from your behavior when you are demonstrating the competency at a superior level?" Limit behaviors to three to five per competency.

- **Application: Leadership Blueprints**

Route to a Desired Future



A blueprint is a model to share with your business colleagues or key organizational stakeholder(s) that illustrates how you propose to help the organization move from a current state of functioning to a better future state. A blueprint answers basic questions.

- What is the desired future state? Where do we want to go?
- What is the current state, and how does it prevent the organization from fully achieving its business objectives?
- Who are the stakeholders in the current and desired states?
- How will we move from the current to the desired state?
- What measures will we use to determine how successful we are?

Tool: Blueprinting

Step One: Describe your organization's desired future state on the right-hand side of the blueprint-what you'd like your organization to look like once the problem, change, issue, or opportunity is addressed.

Step Two: Describe the current state of the organization.

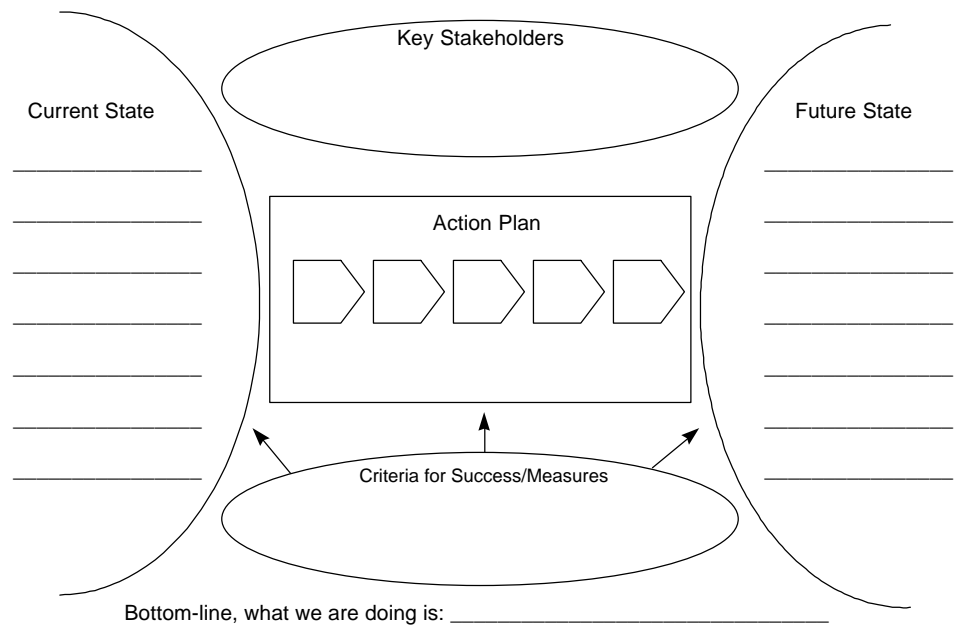
- What are the symptoms of the problem?
- How does (or will) the problem or issue impact individual and/or organizational performance?

Step Three: Identify the key stakeholders of the problem or opportunity.

Step Four: Identify some of the criteria and measures of success.

Step Five: In the middle of the blueprint, indicate the action steps to move from the current to the future state. You may also want to build in a timeline of approximate dates for completing each step.

Worksheet: Blueprinting Your Change at a Macro Level



Trying It Out: Blueprinting Your Change

On some occasions you may not initially have clear, concise answers for each section of the blueprint. This is not an obstacle. Try responding to the blueprint questions in the worksheet below. Then, once you've filled in each answer at length, review, reduce, and revise as simple statements for the blueprint itself.

1. List the drivers of the change. What inside the organization and what in the external environment is driving the need for change?

2. Describe how the drivers impact the business?

3. Identify the desired future state or outcome.

4. Specify how the current state is preventing the organization from achieving its desired state. What are the gaps in performance? What are the opportunities?

5. Identify the stakeholders in the current and future state.

6. Determine the criteria for success, those areas that must be achieved if the initiative is to be successful and that can be measured to track progress and completion.

7. Using the criteria, determine the measures and milestones that will be used to track progress.

8. Identify the action plan. List the key steps that you believe are required to move from the current state to the desired outcome. (This may occur in phases.)

- **Application: Implementing a Change Initiative**

A change initiative typically impacts the whole organization or a large piece of it. Successfully implementing the initiative requires that you become a change agent. As a change agent, it is your job to lead the drive for change before others see it coming, to consult with managers as they transform vague problems into defined action plans, and to help employees and other leaders as they turn their plans into reality. Above all else, your change agent role demands that you guide colleagues up, down, and across the organization in building support and surmounting the inevitable obstacles.

The most difficult obstacles to implementing change are usually not technical, but cultural, organizational, or psychological. Even seemingly technical obstacles may be masking other issues. Implementations that ignore or try to bulldoze the non-technical issues are bound to be slowed or even halted.

Influencing Change

Though change can't be controlled, it can be influenced. If changes are to take hold in your organization, it is vital that you:

1. Establish a coalition of stakeholders with a shared vision.
2. Provide incentives for the stakeholders whose support you need and for the people who will implement the change.
3. Provide those who will implement the change with the skills and resources they need.
4. Provide stakeholders and implementers with a clear, comprehensive, and realistic action plan.

If change is to be successful, it must have the commitment of the stakeholders. If you are ready to be a change agent, then you are ready to plan and build that solid base of commitment in advance.

Step One: Draw a seven-column grid. Label the columns, "Stakeholders," "Make," "Help," "Permit," "Questions," "Nothing," and "Action Steps."

Step Two: In the first column, list all the individuals and groups who are stakeholders of the proposed change, such as

- Key customers or anyone who relies on the outputs of the process, structure, competencies, culture, etc. that is being changed
- Key suppliers
- Those who own or are responsible for the process, group, etc. being changed
- Anyone you feel could subvert implementation (by withholding support or sabotaging the initiative)
- Anyone else you feel could contribute to your success

Step Three: One by one, working across, place an "X" in the column (2-6) that denotes this person or group's current level of commitment.

- *Make* means this person/group has line or team responsibility for making the change happen.
- *Help* means this person/group can provide critical resources, information, or expertise.
- *Permit* means this person/group will stay out of the way.
- *Questions* means this person/group has questions, reservations, or concerns or is actively resisting the change.
- *Nothing* means this person/group is not aware or part of the change effort.

Step Four: Working across, place a black dot under the column (2-6) that captures the level of commitment needed for successful implementation.

Step Five: If you find it useful, draw an arrow from the "X" to the dot for each person or group. These arrows represent the gaps you must close to have a critical mass of commitment for the change initiative.

Step Six: In the final column, write down any strategies or action items you plan to take to build each person or group's commitment. Communication, involvement, and education are important strategies.

Some Things to Consider

- Critical mass is the minimum commitment required from stakeholders. Do not set a goal of achieving total commitment from everyone. Waiting for everyone to get on board is both unnecessary and unrealistic. If you hold out for total commitment, your change may never happen.
- This is a tool for assessment and planning only. Failing to carry out your proposed actions and strategies will surely lead to downstream implementation obstacles.
- Avoid (a) identifying only those in formal positions of power as stakeholders, (b) making generous assumptions about people's actual level of current support, and (c) neglecting to ask stakeholders their opinions about the effort.

1. Stakeholder	2. Make	3. Help	4. Permit	5. Questions	6. Nothing	7. Action Steps
X = Current Commitment ● = Desired Commitment						

Example

The senior leadership team of a mid-sized regional HMO was going through its annual planning cycle. They decided, based on customer, staff, and physician feedback, that their information systems were not giving the organization what it needed. There was too much down time, too many work-arounds, and too much inaccurate data produced. The HR department was so frustrated that it had even started to develop its own system.

To implement their new strategic thrust, the senior leaders discussed setting up a team to redesign all the information systems in the company. As one of their first steps, they created a stakeholder commitment chart to survey what the team might face.

Stakeholder	Make	Help	Permit	Questions	Nothing	Action Steps
VP of operations		● ←			X	Include in development meeting 6/15
IS manager	● ←		X			Add to redesign team
Union president			● ←	X		Involve in selecting redesign team
Facilities manager		● ←			X	Attend methodologies overview
Information Systems group	● ←		X			Attend overview; consult them; select members for team
Human Resources	X →	●				Renegotiate their role
Sally		● ←			X	Get on redesign team
Operations group			● ←		X	Have opinion leaders at overview
Medical chiefs			● ←	X		Special overview/Q & A session
Department supervisors		X →	●			Involve in data gathering and implementation
Accounting department		● ←			X	Involve in analyses
X = Current Commitment ● = Desired Commitment						

Trying It Out: Implementing a Change Initiative

Now that you've established the stakeholders and the action steps you'll need for a critical mass of commitment, you'll still have to prepare yourself for some obstacles and resistance. Think about the questions on the following page as you ready yourself for the long haul.

- How can you use the fans to help gather needed support from foes and fencesitters?

- Besides convincing, what can you do to address the needs of active resisters?

- Which of these action steps need to be completed before the change initiative is announced?

SECTION 2

Forms

Question Sheet

Use this form to write your question for Jack Welch or for discussion among your colleagues. Please write clearly.

Name (optional)

Organization

Location

Your question (25 words or less):

Tel 1-800-489-8814 (from within U.S.)
 801-303-7412 (from outside U.S.)

Fax 1-877-892-0170 (from within U.S.)
 646-349-3661 (from outside U.S.)

Email leadership2002@linkage-inc